

Approval of bonds by the attorney general  
(HB 2514 by Gibson/ Farabee)

DIGEST: HB 2514 would have required the attorney general to examine and approve, and the comptroller to register, all notes, bonds and long-term installment sale or long-term lease purchase obligations issued by public entities in Texas on or after Sept. 1, 1987. Short-term bonds, lease-purchase agreements and long-term installment sales for less than 10 years or valued at less than \$500,000, certain special-obligation bonds, plus any bonds the attorney general found impractical to review, would have been exempted from review. Approval by the attorney general would have been in addition to any other legal requirements.

GOVERNOR'S  
REASON  
FOR VETO:

"This would bring a dramatic increase in the number of these instruments the Attorney General would review," the governor said. "It would force a number of issuers to hire attorneys to assist in the review and issuance process.

"I am unaware of any problem that would necessitate such a review. Bondholders are satisfied with the current system, and I see no need to change it."

AUTHOR'S  
VIEW:

Rep. Bruce Gibson was unavailable for comment.

Atty. Gen. Jim Mattox issued a statement regarding the veto of HB 2514, saying:

"I'm sure the governor just got bad information from his advisors. Just as the governor saw fit to consolidate all commerce-related agencies for the purpose of better coordination, this legislation was an attempt by the Legislature to have one central accounting agency for the billions of dollars worth of bonds that are issued annually in this state.

"This bill would have put a stop to the hydra-headed monster that has evolved in the issuance of government bonds.

"This state is rapidly rushing toward deficit financing and moving further and further away from our state Constitution, which says quite plainly that Texas will

not operate on deficit spending. With this bill, the legislature attempted to correct this growing problem as it relates to bond issuances. The veto means a growing number of bonds will be issued without any oversight and central accountability."

NOTES:

The House Research Organization analysis of HB 2514 appeared in the May 5, 1987 Daily Floor Report.